

GOVERNOR'S OFFICE OF HOMELAND SECURITY AND EMERGENCY PREPAREDNESS

PUBLIC ASSISTANCE PROGRAM

RECOVERY ASSISTANCE SERVICES

**Agreed-Upon Procedures Report
for the period July-December 2022
Issued April 10, 2023**

**LOUISIANA LEGISLATIVE AUDITOR
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March 16, 2023

Independent Accountant's Report

**MR. CASEY TINGLE, DIRECTOR
GOVERNOR'S OFFICE OF HOMELAND SECURITY
AND EMERGENCY PREPAREDNESS**

Baton Rouge, Louisiana

We have performed the procedures enumerated below on documentation submitted by sub-grantees and technical assistance contractors (Documentation) to the Governor's Office of Homeland Security and Emergency Preparedness (GOHSEP) for reimbursement under the Public Assistance (PA) program for the semi-annual period ending December 31, 2022. GOHSEP management is responsible for the completeness and accuracy of the Documentation.

GOHSEP management has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the completeness and accuracy of the Documentation. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and, may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

PUBLIC ASSISTANCE REIMBURSEMENT REQUEST REVIEWS

For the period July 1, 2022, through December 31, 2022, we confirmed the completeness and accuracy of Documentation for 2,417 reimbursement requests submitted by GOHSEP totaling \$527,765,658. As a result of applying our procedures, we noted exceptions, which exceeded \$500 per reimbursement request, totaling \$106,760,289 (20.23%) in 370 reimbursement requests. The following tables present the overall results by work type (Table 1) and finding type (Table 2).



Table 1			
Exceptions by Work Type			
Work Type	Number of Occurrences	Exception Amount	Exceptions as a Percent of Total Analyzed (\$527,765,658)
Contract Work	288	\$92,266,677	17.48%
Force Account Equipment	13	777,452	0.15
Force Account Labor	22	4,865,408	0.92
Materials	42	8,647,101	1.64
Rented Equipment	5	203,651	0.04
Total	370	\$106,760,289	20.23%

Table 2			
Exceptions by Finding Type			
Finding Type	Number of Occurrences	Exception Amount	Exceptions as a Percent of Total Analyzed (\$527,765,658)
Out-of-Scope	28	\$1,983,411	0.38%
Lack of Support	246	86,388,162	16.37
Procurement not Documented	58	12,792,515	2.42
Ineligible Costs	81	4,307,612	0.82
Errors	19	1,288,589	0.24
Total	432*	\$106,760,289	20.23%

*The number of occurrences by finding type is greater than the number of occurrences by work type because each work type may contain multiple findings.

The procedures and associated findings are as follows:

- PROCEDURE 1:** For all reimbursement requests except those in the "Project Closeout" step of the process checklist in louisianapa.com, we confirmed that the work reflected in the reimbursement request was within the scope approved for the project and that the requested amount did not exceed the cost estimate.
- FINDING 1:** We identified 28 reimbursement requests where \$1,983,411 (0.38%) of the work was not within the approved scope of work and/or the cost estimate was exceeded.
- PROCEDURE 2:** We confirmed that the requested amount was supported by invoices, receipts, lease agreements, contracts, labor policies, time records, equipment logs, inventory records, or other applicable documentation.
- FINDING 2:** We identified 246 reimbursement requests where \$86,388,162 (16.37%) worth of expenses were not supported by sufficient documentation.
- PROCEDURE 3:** We confirmed that contracts and purchases totaling more than \$30,000 per vendor per calendar year comply with applicable federal and state procurement requirements. However, for contracts and purchases where cost reasonableness is established through an after-the-fact cost analysis and the cost to be analyzed is less than \$100,000, we did not review the cost analysis.
- FINDING 3:** We identified 58 reimbursement requests where we could not confirm that applicable procurement guidelines had been followed for purchases totaling \$12,792,515 (2.42%).
- PROCEDURE 4:** We confirmed that the work reflected in the reimbursement request complied with applicable FEMA regulations and guidance.
- FINDING 4:** We identified 81 reimbursement requests where \$4,307,612 (0.82%) worth of expenses were not in compliance with applicable FEMA regulations and guidance.
- PROCEDURE 5:** We confirmed that the Cost Estimate Tool and the Expense Review Form did not contain duplicate, omitted, and/or miscategorized expenses.
- FINDING 5:** We identified 19 reimbursement requests where \$1,288,589 (0.24%) worth of expenses were duplicated, omitted, and/or miscategorized.

PROCEDURE 6: We accumulated total potential questioned costs and resolved amounts noted during our analysis of reimbursement requests.

FINDING 6: During our analysis of reimbursement requests totaling \$17,168,673,891 for the period April 1, 2008, through December 31, 2022, we identified potential questioned costs totaling \$1,728,470,684 (10.07%) of which a total of \$1,498,929,794 (86.72%) was resolved, including \$59,904,458 resolved this reporting period.

We were engaged by GOHSEP to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the AICPA. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the Documentation submitted by sub-grantees under the PA program. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of GOHSEP and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the information and use of GOHSEP management, and is not intended to be, and should not be, used by anyone other than this specified party. By provision of state law, this report is a public document and has been distributed to the appropriate public officials.

Respectfully submitted,



Michael J. "Mike" Waguespack, CPA
Legislative Auditor

MJW/aa

PA (JULY-DECEMBER 2022)

BACKGROUND

The Federal Emergency Management Agency Public Assistance (PA) Grant Program provides assistance to state and local governments and certain private nonprofit entities to respond to and recover from major disasters or emergencies declared by the President of the United States. Specifically, the PA program provides assistance for debris removal, emergency protective measures, and permanent restoration of infrastructure. The federal share of these expenses typically cannot be less than 75% of eligible costs.

The Governor's Office of Homeland Security and Emergency Preparedness (GOHSEP) is responsible for coordinating the state's efforts throughout the emergency management cycle to prepare for, prevent where possible, respond to, help recover from, and mitigate against to lessen the effects of man-made or natural disasters in Louisiana. GOHSEP is the grantee for the PA funds and has been designated as the state agency responsible for program administration.

Sub-grantees submit reimbursement requests and supporting documentation to GOHSEP for payment through the PA program. Our engagement with GOHSEP requires the Louisiana Legislative Auditor's (LLA) document review team to confirm the completeness and accuracy of documentation submitted by sub-grantees and technical assistance contractors.

GOHSEP's documentation review process begins when sub-grantees and technical assistance contractors submit reimbursement requests and supporting documentation. The GOHSEP disaster recovery specialists review the requests and gather any additional documentation deemed necessary to fully support them. The disaster recovery specialists document the results of the reviews on expense review forms and then submit the forms and all supporting documentation (reimbursement requests) to the team leads. After the team leads review the reimbursement request and all supporting documentation, they submit them to the LLA document review team to be reviewed under our agreed-upon procedures engagement.

The LLA document review team analyzes the reimbursement requests and supporting documentation to confirm the completeness and accuracy of documentation submitted by sub-grantees and technical assistance contractors under the PA program. Unsupported costs exceeding \$500 are considered exceptions and are reported.

The LLA document review team communicates the results of their review to GOHSEP management via Findings of Review (FORs). When exceptions are noted, GOHSEP management decides whether to correct the exceptions or fund the requests. If GOHSEP management decides to correct the exceptions, the disaster recovery specialists gather additional documentation. Then, LLA's document review team analyzes the additional documentation following the same agreed-upon procedures as the initial reviews. This process allows GOHSEP the opportunity to correct exceptions prior to final payment, thus eliminating questioned costs.

MANAGEMENT'S RESPONSE

**Governor's Office of Homeland Security
and Emergency Preparedness
State of Louisiana**

JOHN BEL EDWARDS
GOVERNOR



CASEY TINGLE
DIRECTOR

ADDPA-2023-0331-012

March 31, 2023

Mr. Michael J. "Mike" Waguespack, CPA
Legislative Auditor
Office of Legislative Auditor
1600 North Third Street
Post Office Box 94397
Baton Rouge, LA 70804-9397

RE: Draft Public Assistance - Agreed Upon Procedures Engagement
Public Assistance Program – July 1st, 2022 – December 31st, 2022

Dear Mr. Waguespack:

We have received the draft report compiled by the Legislative Auditor's Recovery Assistance Division reviewing the State's Public Assistance (PA) program for the second half of 2022 (July through December 2022). We have reviewed your report, and concur with the exceptions identified in the report.

We would like to note that we share these reports with our management group to assist in identifying training opportunities for our staff. Training and education are top priorities for GOHSEP, and these reports are instrumental in assisting us in ensuring that both internal and external stakeholders are receiving proper guidance. Recently we have noted that findings on contract costs have increased due to a recent process change requiring all required Federal contract clauses for reimbursement of those costs. This is an area of education and outreach we will continue to address with subrecipients to ensure they comply with all grant requirements.

It is also important to note that GOHSEP has the mechanisms in place to address most of the questioned costs found within your report. Out of scope work can be addressed by requesting a FEMA scope alignment and upon obligation resubmitting the invoices in question. Costs submitted which do not have all support documentation are addressed with the applicant to receive any missing documents. Procurement and contract issues are also regularly addressed and corrected by working with the applicant to ensure all contract clauses are included, better document their procurement process and by analyzing the costs incurred to ensure those costs are reasonable.

Mr. Michael J. "Mike" Waguespack

March 31, 2023

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We would also like to note that our review process necessitates that any exceptions identified within your report are required to be addressed before project closeout. GOHSEP has made considerable progress in addressing all historical questioned costs, with 90% of all previously questioned costs being resolved life to date and \$68 million resolved during this same reporting period. We have realized a high success rate using the information your staff provides to remedy any outstanding issues.

Your reports continue to assist us in the improvement of our processes and provide important feedback which will assist us in achieving our 100% accuracy goal.

Sincerely,

A handwritten signature in blue ink, appearing to read "Lynne Browning". The signature is fluid and cursive, with a prominent "L" and "B".

Lynne Browning
Assistant Deputy Director - State Public Assistance